

TENNESSEE REGULATORY AUTHORITY

Deborah Taylor Tate, Chairman
Pat Miller, Director
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460 James Robertson Parkway
Nashville, Tennessee 37243-0505

May 14, 2004

Mr. Archie Hickerson
Manager-Rates
AGL Resources, Inc.
Location 1686
P. O. Box 4569
Atlanta, GA 30307

RE: Docket No. 04-00034 – Petition of Chattanooga Gas Company for Approval of Adjustment of Its Rates and Charges and Revised Tariff

Dear Mr. Hickerson:

After reviewing your petition, we have discovered that certain additional information is needed to complete the analysis. Please provide the following information, an original and thirteen (13) copies, addressed to:

Deborah Taylor Tate, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

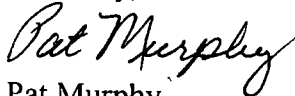
The following questions refer to the Company's Budget/Forecast (7/04-6/05) Allocated Expenses shown on CGC Schedule 25-1, pages 24 and 25.

137. For accounts 671025 (Direct Charge-Incentive Compensation), 671402 (Direct Charge-OM Project Chargeback), and 671404 (Allocated-Distributed Chargeback), explain the services included in each account and why the Attrition Period forecast is zero in each case. Were pro forma adjustments made with regard to the test period amounts of \$(78,128), \$31,356, and \$1,760,108 respectively? If the answer is yes, state where these adjustments can be found. If the answer is no, explain why pro forma adjustments were not needed.
138. For the following accounts, explain the services included in each and the reason for the significant increases in allocated amounts for the Attrition Period allocation. Identify the allocation drivers and provide calculations for the forecasted amounts.

Account Number	Actual Test Period Amount	Forecasted Attrition Period Amount	Percentage Increase
671413	7,195.36	10,536.29	46.4%
671415	4,698.81	26,756.45	469.4%
671416	244,373.66	589,255.49	141.1%
671418	33,120.66	171,259.22	417.1%
671419	38,100.63	74,686.77	96.0%
671421	42,941.86	72,177.67	68.1%
671422	207,206.71	498,610.82	140.6%
671423	33,288.22	227,132.94	582.3%
671424	182,307.16	872,673.29	378.7%
671425	15,593.52	44,343.00	184.4%
671427	160,557.96	479,693.58	198.8%
671428	13,049.20	68,417.58	424.3%
671429	42,219.88	164,892.65	290.6%
671430	5,381.12	41,622.67	673.5%

Please respond by **May 20, 2004**. Thank you for your attention to this matter. If you should have any questions, you may contact me at (615) 741-2904, ext. 178.

Sincerely,



Pat Murphy
Senior Financial Analyst
Energy and Water Division

cc: Steven Lindsey
D. Billye Sanders
John Ebert
Elizabeth Wade